FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

FTC Joins Four States in Action to Shut Down Alleged Sham Charity Funding Operation That Bilked Millions From Consumers

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Settlements will permanently prohibit defendants from charity fundraising business, require them to pay back money for use by legitimate charities

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A sprawling fundraising operation that allegedly scammed consumers out of millions of dollars will be permanently banned from charitable fundraising along with its owner and others involved in its operation as a result of a lawsuit brought by the Federal Trade Commission and Attorneys General of New York, Virginia, Minnesota, and New Jersey.

The operation is made up of multiple companies all under the control of owner Mark Gelvan, along with his associates Thomas Berkenbush, William English, and Damian Muziani. The complaint filed by the FTC and the states alleges that the defendants served as the primary fundraisers for a number of sham charities that were the subject of numerous law enforcement actions.

The complaint alleges that the sham charities claimed to use consumers' donations to help homeless veterans, retired and disabled law enforcement officers, breast cancer survivors, and others in need. In fact, these organizations spent almost none of the donations on the promised activities.

"This action puts fundraisers on notice: the FTC will not only shut down sham charities, it will aggressively pursue their fundraisers who participate in the deception," said Andrew Smith, Director of the FTC's Bureau of Consumer Protection. "If you're giving to charity and want to make sure your donations count, start at ftc.gov/charity to learn how to spot the scams."

"It is critically important that donors are able to trust that their contributions are being used as they intended, and not to line the pockets of individuals who exploit the generosity of others," said New York Attorney General Letitia James. "My office will continue to work with partners such as the FTC and other states to take action that protects donors and charitable entities."

The complaint alleges that as much as 90 percent of the money raised by the defendants for these sham charities went to the defendants themselves as payment for their fundraising services. What little money the charities did receive was rarely spent on any of their supposedly charitable missions, sometimes less than two percent.

According to the complaint, the defendants orchestrated the sham charities' fundraising operations by soliciting donations, writing fundraising materials, and providing other key support to the sham charities. Defendants placed calls misrepresenting how donations would be used, and in many instances, the calls violated consumers' do-not-call requests.

The defendants in the case, who have worked with each other for as long as 30 years, have been subject to numerous law enforcement actions dating back as far as 1996.

Under the proposed settlements, all of the defendants will be permanently prohibited from participating in any charity fundraising, and from deceiving consumers in any other fundraising effort, including for political action committees (PACs). The defendants will be required to clearly inform consumers at the time they ask for money that any donations are not charitable and not eligible for tax deductions. In addition, the defendants will be subject to significant monetary judgments and required to surrender assets as follows:

Gelvan, Outreach Calling, Inc., Outsource 3000, Inc., and Production Consulting Corp.**:** These defendants will be subject to a monetary judgment of $56,023,481, which is partially suspended based on their inability to pay. The corporate defendants will be required to surrender $45,386. Gelvan will be required to surrender $800,000, and will be required to sell two New Jersey properties he has a stake in and surrender any net proceeds of those sales.

Damian Muziani: Muziani will be subject to a monetary judgment of $484,172, which is partially suspended due to his inability to pay. He will be required to surrender $12,369.

Thomas Berkenbush**:** Berkenbush will be subject to a monetary judgment of $1,132,155, which is partiall suspended due to his inability to pay. He will be required to surrender $5,000.

William English: English will be subject to a monetary judgment of $873,293, which is partially suspended due to his inability to pay. He will be required to surrender $30,000. The terms of his settlement also prohibit him from participating in any fundraising activity of any kind.

The funds being surrendered by the defendants will be paid to the State of New York, which will contribute the funds on behalf of New York, Virginia, and New Jersey to legitimate charities that perform services that mirror those promised by the sham charities.

In the event any of the defendants either fails to surrender the amounts they owe or is found to have misrepresented their ability to pay, the full amount of their judgment would become payable immediately.

The Commission vote authorizing the staff to file the complaint and stipulated final orders was 3-0-2, with Commissioners Rebecca Kelly Slaughter and Christine S. Wilson recorded as not participating. The FTC filed the complaint and final orders in the U.S. District Court for the Southern District of New York.

NOTE: The Commission files a complaint when it has "reason to believe" that the named defendants are violating or are about to violate the law and it appears to the Commission that a proceeding is in the public interest. Stipulated final orders have the force of law when approved and signed by the District Court judge.

The Federal Trade Commission works to promote competition, stop deceptive and unfair business practices and scams, and educate consumers. Report fraud, scams, or bad business practices at ReportFraud.ftc.gov. Get consumer advice at consumer.ftc.gov. Also, follow the FTC on social media, subscribe to press releases, and read the FTC's blogs.

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